

Message Text

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TO AMEMBASSY BEIRUT PRIORITY

C O N F I D E N T I A L STATE 174967

STADIS////////////////////////////////

E.O. 11652: GDS

TAGS: PINT, LE

SUBJECT: PROPOSAL BY U.S. FIRM TO INVEST IN CAMILLE
CHAMOUN'S PROTEINE PROJECT

1. MR. RALPH TAUSSIG OF ROBIN INTERNATIONAL CALLED IN THE DEPARTMENT (ARN) TODAY TO BRIEF US ON HIS COMPANY'S INTENTION TO FINANCE A JOINT VENTURE WITH A CONSORTIUM FRONTED BY CAMILLE CHAMOUN. BASED ON DOCUMENTS HE PROVIDED, PROJECT APPEARS TO BE A REACTIVATION OF THE PROTEINE PROJECT. ACCORDING TO AN INITIAL AGREEMENT SIGNED JULY 8 BY CHAMOUN FOR "THE BAROUDY GROUP" AND BY JAMES L. FALLON FOR ROBIN INTERNATIONAL, THE U.S. FIRM IS TO PROVIDE FINANCING, CONSTRUCTION MANAGERIAL SERVICES, GENERAL CONTRACTING SERVICES, AND TECHNICAL EXPERTISE FOR BUILDING A COMMERCIAL CENTER IN BEIRUT. ACCORDING TO THE AGREEMENT, THE "BAROUDY GROUP" IS TO PROVIDE THE LAND, BUT TAUSSIG TELLS US LAND IS ACTUALLY STATE-OWNED. IN ADDITION TO THE PROTEIN PROJECT, WHICH INVOLVES FISH CANNING AND PROCESSING, OTHER PROJECTS UNDER
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CONSIDERATION ARE CONSTRUCTION OF A HARBOR AND DRY DOCK IN CHEKKA, A CEMENT FACTORY, A TOURIST COMPLEX, AND RAILWAY BETWEEN BEIRUT AND TRIPOLI AND BEIRUT AND TYRE.

2. TAUSSIG TOLD US IN CONFIDENCE THAT CHAMOUN CLAIMS THE BACKING OF PRESIDENT SARKIS FOR THE PROJECT. ACCORDING TO DOCUMENTS HE BROUGHT, HOWEVER, BAROUDY AND ROBIN HAVE DIS-

CUSSED, AMONG OTHER THINGS, THE "EVENTUAL INTERVENTION OF AMBASSADOR PARKER WITH PRESIDENT SARKIS" CONCERNING THE COMMERCIAL BUILDING PROJECT. IT IS HARD TO UNDERSTAND NEED FOR AMBASSADOR'S INVOLVEMENT IF CHAMOUN HAS ALREADY SOLICITED AND RECEIVED SARKIS'S GO AHEAD.

3. EMBASSY WILL RECALL THAT CHAMOUN'S PROTEINE PROJECT LED TO DEMONSTRATIONS IN FEBRUARY OF 1975 BY FISHERMEN IN SIDON AND OTHER COASTAL TOWNS; THAT THESE TURNED INTO RIOTS IN WHICH MA'ARUF SA'D, SIDON LEADER, WAS MORTALLY WOUNDED; AND THAT THESE ARE CONSIDERED BY SOME OBSERVERS TO HAVE BEEN FIRST SHOTS IN CIVIL CONFLICT.

4. IT IS NOT CLEAR HOW AWARE ROBINS IS OF EXTREME POLITICAL SENSITIVITY OF INVOLVEMENT BY A U.S. FIRM, CERTAINLY IN PROTEINE PROJECT AND CHEKKA PORT, AND POSSIBLY ALSO IN OTHERS SPONSORED BY CHAMOUN. WE TOLD TAUSSIG THAT, ON FIRST EXAMINATION, ROBIN'S PLANS HAD IMPORTANT POLITICAL IMPLICATIONS WHICH WE WOULD WANT TO EXAMINE CLOSELY. WHILE WE NATURALLY ANXIOUS TO GIVE U.S. FIRMS EVERY ASSISTANCE IN PARTICIPATING IN RECONSTRUCTION AND DEVELOPMENT PROJECTS IN LEBANON, WE WOULD ALSO NEED MORE CONCRETE ASSURANCES THAT SUCH ACTIVITIES DO NOT CONTRADICT GOL PLANS AND GUIDELINES BEFORE TAKING SUPPORTIVE MEASURES.

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5. MR. JAMES FALLON OF ROBIN IS NOW IN BEIRUT, AND WILL BE ASKING TO CALL ON AMBASSADOR. HE MAY ASK HELP IN ARRANGING FOR CALL ON PRESIDENT SARKIS.

6. NEA/ARN IS POUCHING COPIES OF DOCUMENTS PROVIDED BY MR. TAUSSIG TO THE EMBASSY. WHEN YOU HAVE HAD TIME TO CONSIDER THE MATTER FULLY, DEPARTMENT WOULD APPRECIATE YOUR RECOMMENDATIONS. VANCE

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